

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Express, Priority Mail &
First-Class Package Service Contract 2 (MC2014-22)
Negotiated Service Agreement

Docket No. CP2014-37

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT TO PRIORITY MAIL EXPRESS,
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 2

(June 8, 2015)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2523.¹ In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 2 (Contract 2).²

II. BACKGROUND

The Commission approved the original Priority Mail Express, Priority Mail & Priority Mail Contract 2 in Order No. 2034, dated March 27, 2014.³ On June 26, 2014 the Commission approved the first amendment to the original Contract 2 (Amendment

¹ Notice and Order Concerning Amendment to a Priority Mail Express, Priority Mail, & First-Class Package Service Contract 2 Negotiated Service Agreement, June 1, 2015 (Order No.2523).

² Notice of United States Postal Service of Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 2, with Portions Filed Under Seal, May 29, 2015 (Notice).

³ Order Adding Priority Mail Express, Priority Mail, And First-Class Package Service Contract 2 to the Competitive Product List, March 27, 2014 (Order No. 2034). See also: Request of the United States Postal Service to Add Priority Mail Express, Priority Mail & First-Class Package Service Contract 2 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, March 18, 2014 (Request).

1).⁴ On May 29, 2015, the Postal Service filed notice that it has agreed to the second amendment to the existing Priority Mail Express, Priority Mail & First-Class Package Service Contract 2 (Amendment 2). The Postal Service's Amendment 2 adjusts price calculations for the Contract 2 for the remaining contract years. Notice, Attachment A at 1-2.

To support the Notice, the Postal Service also filed (under seal) the redacted Amendment 2 and the updated financial documentation. The Amendment 2 is scheduled to become effective one business day after the Commission completes its review of the filing. Notice at 1.

III. COMMENTS

Requirements of 39 U.S.C. § 3633. Pursuant to section 3633(a), prices for competitive products must cover each product's attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial worksheets filed under seal with the Notice, as well as all the documentation related to both the original Contract 2 and the Amendment 1. The Public Representative has also reviewed the library reference related to the Negotiated Service Agreements and filed in the FY 2014 Annual Compliance Report.

Based upon that review, the Public Representative concludes that the Contract 2 should continue to generate sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a) during the next year of the contract. The terms of the amended contract include the mechanism of annual adjustment of prices that should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the contract. The Commission will have an opportunity to review the

⁴ Order Approving Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 2 Negotiated Service Agreement, June 26, 2014 (Order No. 2104). See also Notice of United States Postal Service of Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 2, with Portions Filed under Seal, June 13, 2014.

revenue, cost and volume data for the amended Contract 2 in the future Annual Compliance Determination Reports.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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